

## Message Text

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61

ORIGIN EB-11

INFO OCT-01 CCO-00 RSC-01 SS-15 FILE-01 SSO-00 ADP-00

CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10

PA-03 PRS-01 USIA-12 AF-10 ARA-11 EA-11 EUR-25 NEA-10

GSA-01 OEP-01 COME-00 TRSE-00 CIEP-02 PCH-08 INT-08

OMB-01 ( ADP ) R

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S/ S- O- W. NEWLIN

EB/ ORF: JLKATZ

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P 152205 Z APR 73 ZFF5

FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

AMEMBASSY SUVA BY POUCH

AMCONSUL CURACAO BY POUCH

AMCONSUL MARTINIQUE BY POUCH

AMCONSUL PARAMARIBO BY POUCH

XMT AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY BATHURST

AMEMBASSY SUVA

AMCONSUL CURACAO

AMCONSUL MARTINIQUE

AMCONSUL PARAMARIBO

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TODEP 33 - ZFF HONG KONG ONLY

BEIRUT ALSO PASS BAGHDAD

KUWAIT ALSO PASS ABU DHABI & MUSCAT

DAKAR ALSO PASS BATHURST

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E. O. 11652: N/ A

TAGS: EIND, EMIN

SUBJECT: PRESIDENT'S MESSAGE TO CONGRESS ON STOCKPILE  
POLICY -- FACT SHEET

REF: (A) STATE 48668; (B) STATE 70359

1. FOLLOWING IS TEXT OF WHITE HOUSE FACT SHEET ON THE STOCKPILE DISPOSAL ACT OF 1973 (TABLE PORTION OF FACT SHEET BEING SENT ALL POSTS BY SEPTTEL). THE FACT SHEET IS EMBARGOED FOR RELEASE UNTIL 12:00 NOON, EST, MONDAY, APRIL 16, 1973.

2. BEGIN TEXT. THE WHITE HOUSE. FACT SHEET. STOCKPILE DISPOSAL ACT OF 1973.

3. THE PRESIDENT IS TODAY TRANSMITTING TO THE CONGRESS PROPOSED STOCKPILE DISPOSAL LEGISLATION WHICH HAS THE OBJECTIVE OF OBTAINING CONGRESSIONAL AUTHORIZATION FOR THE SALE OF COMMODITIES NO LONGER REQUIRED FOR NATIONAL SECURITY. IN ADDITION, THE OFFICE OF EMERGENCY PREPAREDNESS IS PUBLISHING REVISED FEDERAL STOCKPILE POLICY GUIDELINES IN THE FEDERAL REGISTER AND ISSUING THE DETAILED LISTS OF NEW STOCKPILE MATERIAL REQUIREMENTS (OFFICIALLY CALLED STOCKPILE OBJECTIVES).

4. THE PURPOSE OF OUR STOCKPILE OF STRATEGIC MATERIALS IS TO ASSURE THAT, IN THE EVENT OF WAR, THE NATION HAS AN ADEQUATE RESERVE OF CRITICAL MATERIALS TO MEET DEFENSE NEEDS. THE STOCKPILE CONSISTS OF 91 COMMODITIES WITH A CURRENT MARKET VALUE OF 6.7 BILLION DOLLARS (SEE ATTACHED TABLE, COLUMN (A)), 95 PERCENT OF WHICH WAS ACQUIRED BEFORE 1959. OVER HALF THE CURRENT DOLLAR VALUE OF THE STOCKPILE IS CONCENTRATED IN SEVEN ITEMS -- ALUMINUM, COPPER, LEAD, SILVER, TIN, TUNGSTEN, AND ZINC.

5. OVER THE PAST SEVERAL YEARS, THE ADMINISTRATION HAS CONDUCTED AN INTENSIVE REVIEW WHICH HAS LED TO A NEW STOCKPILE POLICY THAT PERMITS THE STOCKPILE REQUIREMENT TO BE REDUCED TO ABOUT .7 BILLION DOLLARS. (SEE ATTACHED TABLE, COLUMN (D)). THE ADMINISTRATION'S REVIEW WAS CONDUCTED BY THE NATIONAL SECURITY COUNCIL IN CONJUNCTION

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WITH INVOLVED FEDERAL AGENCIES; POLICY DECISIONS WERE MADE BY THE PRESIDENT. WHILE STILL RECOGNIZING THE NEED TO PLAN FOR CONVENTIONAL WARS OF UP TO THREE YEARS, THE MASSIVE GROWTH IN THE ECONOMY AND IN TECHNOLOGY SINCE THE 1950' S PERMIT SOME GUIDELINE ADJUSTMENTS. THE NEW STOCKPILE POLICY SATISFIES THE REQUIREMENTS OF THE FIRST YEAR OF A CONVENTIONAL WAR IN EUROPE AND ASIA, RECOGNIZES THAT DEFENSE NEEDS BEYOND ONE YEAR CAN BE MET BY INCREASED AUSTERITY ( LIMITS ON PERSONAL CONSUMPTION), AND PROVIDES THE TIME AND FLEXIBILITY TO MORE FULLY SUBSTITUTE NON- CRITICAL MATERIALS FOR CRITICAL MATERIALS IN PRODUCTION PROCESSES IN ANY CONFLICT WHICH EXTENDS BEYOND ONE YEAR.

6. THE NEW STOCKPILE POLICY WILL PERMIT DISPOSAL OF APPROXIMATELY 6 BILLION DOLLARS IN COMMODITIES OF WHICH 1.9 BILLION DOLLARS CAN BE SOLD WITHOUT FURTHER CONGRESSIONAL ACTION ( SEE ATTACHED TABLE, COLUMN ( B)) WHILE COMMODITIES WITH A CURRENT MARKET VALUE OF 4.1 BILLION DOLLARS REQUIRE DISPOSAL AUTHORIZATION FROM CONGRESS ( SEE ATTACHED TABLE, COLUMN ( C)). THE ACTUAL SALE OF COMMODITIES MUST TAKE INTO CONSIDERATION PREVAILING MARKET CONDITIONS, INCLUDING THE RELATIONSHIP OF THE SURPLUS INVENTORY TO ANNUAL U. S. AND WORLD CONSUMPTION FOR EACH COMMODITY. A READY MARKET EXISTS FOR COMMODITIES SUCH AS RUBBER, SILVER AND THE PLATINUM METALS. HOWEVER, IT IS ANTICIPATED THAT DISPOSALS OF COMMODITIES WITH LARGE EXCESS INVENTORIES SUCH AS DIAMONDS, LEAD, MANGANESE AND TUNGSTEN WILL TAKE A NUMBER OF YEARS. IN THIS CONTEXT, OF THE 6 BILLION DOLLARS IN COMMODITIES AVAILABLE FOR DISPOSAL AS A RESULT OF THE NEW STOCKPILE GUIDELINES, SALES FOR THE BALANCE OF THE FY 1973-74 PERIOD COULD REACH 1.4 BILLION DOLLARS. THIS INCLUDES .6 BILLION DOLLARS OF COMMODITIES CURRENTLY AUTHORIZED FOR SALE AND .8 BILLION DOLLARS WHICH REQUIRES NEW AUTHORITY FROM CONGRESS. THE BALANCE OF THE MATERIAL WOULD BE SOLD IN THE FUTURE AS MARKET CONDITIONS PERMIT.

7. THE SALE OF COMMODITIES FROM THE STOCKPILE WILL, IN MANY INSTANCES, HAVE A BENEFICIAL EFFECT ON MARKET PRICES. THE PRESIDENT PLANS TO TAKE FULL ADVANTAGE OF THE NEW STOCKPILE SURPLUS TO STABILIZE PRICES IN THE METALS  
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MARKET. PRICES OF MANY COMMODITIES -- MERCURY, PLATINUM METALS, RUBBER, CADMIUM, AND SILVER -- HAVE INCREASED MORE THAN 30 PERCENT OVER THE PAST YEAR WHILE OTHER ITEMS SUCH AS COPPER, ZINC, COBALT ARE UP OVER 20 PERCENT. THE IN-

DUSTRIAL COMMODITIES SECTOR OF THE WHOLESALE PRICE INDEX SHOWS ABNORMALLY HIGH INCREASES IN FEBRUARY AND MARCH ( AVERAGING A 13 PERCENT ANNUAL RATE). AN AGGRESSIVE DISPOSAL PROGRAM SHOULD HELP NORMALIZE METAL COMMODITY PRICES.

8. ACTUAL SALES OF EXCESS MATERIALS HAVE BEEN AND WILL CONTINUE TO BE HANDLED BY THE GENERAL SERVICES ADMINISTRATION.

9. A LIST OF THE STRATEGIC AND CRITICAL STOCKPILE COMMODITIES AND THE NEWLY REVISED STOCKPILE OBJECTIVES IS ATTACHED. END TEXT. ROGERS

NOTE BY OC/ T: POUCHED ABOVE ADDRESSEES.

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**TAGS:** EIND, EMIN  
**To:** ALL DIPLOMATIC AND CONSULAR POSTS  
CURACAO  
MARTINIQUE  
N/A  
PARAMARIBO  
SUVA

**Type:** TE

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